G.R.S. IX-5]

Not to be destroyed

Previous references.

G 7 247-20 x 3

B Aug 1921

1921.

(G 7)

File No. 77-21

Serial Nos. 1-4

Later references.

G.7 168-23-16-3

G.f. 3.26.172.

G 7291-41 84 1-2

G.7 280 44(154)

GENERAL AND REVENUE SECRETARIAT.

Preserved

Serial Nos. 4 Contain one sealed cover

Part B for July 1922

SUBJECT:

Overdraft in the Palace Deposit Account

Filed under G 7 247-8 dated 21-7-1922

Box 11.9.22

P 34.

E

GENERAL AND REVENUE SECRETARIAT.

(27)

NOTES.

File No. 79-21

FILE HEADING.

Overdraft on the Palace Deposit Account

From

The Comptroller

No. Bks 741 Dated 23:12.21. Received 3.1.22.

Diary No. 2809.	Enclos.	Spare Copies.	Serial No. /

BRIEF ABSTRACT OF LETTER.

Reports for the information of Govt that the overdraft on the Palace Deposit account as on 30.6.21 has amounted to 12.03.368-14-8 and that this exceeds the original estimate by only about Rs 3369 and solicits orders as to the limit upto which the overdraft may be allowed during the current official year.

NOTES AND ORDERS.

The previous papers is flagged Y.

The comptroller now solicits orders as to the limit upto which the overdraft may be allowed during the current official year.

First two orders 11 days 6/1/22

1637 611 5/1/22

NOTES—First Sheet.

WD 1232—GPB—20,000—18-11-18

R. S. III-2]

General and Revenue Secretariat.

2809.

G.F. File.No. 79 of 1921.

Serial No.

The Comptroller states that, according to actual accounts, the overdraft on 1st July 1921 was Rs.12 lakhs. He requests orders as to the limit up to which overdraft should be allowed in the current year In view of our cash position, it is very difficult to permit any increase of the overdraft.

It is necessary and desirable to repay, as early as possible, the amount of even the present overdraft.

The surplus balances of Personal Estate --- accounts earn interest by investment, including deposit, in Government Savings Banks. The overdraft is really from loan and other funds on which Government pay interest. The question of interest on it also requires to be considered.

10.1.22

Dewan)

Please address the Hon'ble Member confidentially. The draft-letter may be submitted for approval after sun

14/2/22

Draft put up

Dewan) 14-2-22

approved

14/2/22

16.2.22

H. R. S. III-2]

General and Revenue Secretariat. | G2 File No. 79 of 1921.

Serial No.	
2	To the Hussur Secy to H.H. No. G 60 77 d. 16.2.22 Forwards complainer's letter No. 5745/1820 7410 23 2e. and requests to be informed when the repayment ~~thereof~~ his overdraft may be expected.
3	From the Hussur Secretary to H.H. No. 3412 d 27.2.22. States that a reply will be sent in due course Subd for orders as to whether a reminder may be sent as no reply from the Hussur Secy has yet been received

Subd 18/2/22

Subd room 16.3 18/3/22

Reply may be awaited
18/3/22

Subd to Dewan for information
4.4.22

Reply read Returned
Compl to Fs.
Secy.

Please see D.O. letter 74 herewith sent -
11.4.22

Dewan.

Necessary Circular forwarded in C. Mlk Circ re Excess Mutely charges.
18/4

To the Chief Secy 18/4/22

DEWAN'S OFFICE.
Recd. on APR 5 1922
Reg. No. 5328

DEWAN'S OFFICE.
Recd. on APR 11 1922
Reg. No. 5749

NOTE—Contn. sheet not required.

Not in finance Dept

G. R. S. III-2]

General and Revenue Secretariat.	File No.	of 19

Serial No.

The correspondence re Excess Military charges appears to be in the above case regarding pump.

P. S. (Put up papers)

21/4/22

The papers under reference are, I understand from Mr. Rangaswami Iyer Retired, with Sir Krishnaraja Urs. They are not here

(Bring any note papers) PSD 21.4.22

Circulate

21/4

CS 21/4/22

(For Disposal by Circulation.)

No. C. 542

.....1921-22

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT.

Draft reply in regard to the Overdraft on the Palace Deposit Account.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

Chief Secretary to Government.

11th May 1922.

Extraordinary Member of Council.

635-3-35-9
11.5.22

First Member of Council. Opinion recorded
12.5.22

Second Member of Council.

Third Member of Council.

Palace overdraft

Considered in Council 19th July 22

Note

Palace Mills Expenditure
Actual Excess up to 1921-22
might well be awarded overdraft
but can be raised
to Rs 1,50,000 for 1922-23,
the balance of the overdraft
by adjustment at the rate of ~~Rs~~ Rs 50,000-
a year;

or

Mechanical plant might be raised
with retrospective effect for
Rs 1,75,000 for 1915-16, & the
excess plant at this rate, adjusted
towards the overdraft, the balance
of the overdraft be adjusted
at the rate of Rs 75,000 a year

or

The excess Mills Expenditure
might be adjusted against the
profits, and the subsequent
might be raised to Rs 1,50,000 a year,
of which Rs 75,000 be paid
towards the overdraft

Draft put up.
Dewan 11/7/22

D.O. Dis. P. 60, dt 2/7/22
issued from the Dewan's office
and the draft placed in the
file.
2/7/1922.

Received the
Agency
2/7.

Agency
3/7/22

Subject.

Draft reply in regard to the Overdraft on the Palace Deposit Account.

....

OPINION OF THE COUNCIL.

draft communicated & appd by 18/5

Financial Secy. with Compliments.

by 19/5

The draft has to issue from Dewan's Office. Mch 20.5.22

Yr. obdt. servt. Secretary to Council

4/5

D.O. No. P.31 22.5.22 to the Private Secy to H.H. has been issued, and the draft Reply in this file.

RS 22/5/22.

DEWAN'S OFFICE.
Recd. on MAY 20 1922
Reg. No. 6579

G. R. S. III-2]

General and Revenue Secretariat. | G.F. File No. 79 of 19 21

Serial No.

A draft order to the Comptroller is put up.

One point is not clear. According to the general arrangement, a sum of Rs. one lakh is payable by the Palace towards the adjustment of the overdraft as the instalment due for 1921-22. In the Private Secretary's letter, however, this instalment is proposed to be reduced to Rs. 86,000.

D E W A N.) 14.7.22

The draft is ready for the Private Secretary's letter issued.

15/7

Forwarded to the Private Secy to H.H.

15/7/22

20153/file

FINANCIAL SECRETARIAT 18 JUL 1922

The draft is all right. With reference to the Financial Secretary's note above, I did not suggest in my last letter that the instalment due from the Palace for 1921-22 was to be reduced to Rs. 86,000/- This amount is the difference between the sum of Rs. 2 lakhs - the new scale of contract grant - and the sum of Rs. 1,14,000/- which was the

NOTE—Contn. sheet.

Serial No.

old scale, and which was credited in the usual course to the Palace.

I may add that the Palace has already paid more than a lakh (Rs. 120,442, to be exact) towards the instalment due for 1921-22, vide Comptroller's letter to the Huzur Secretary dated 25th February 1922.

Rs. 94,202 vide above

Rs. 26,240 vide abstract of Palace Receipts and Expenditure in Government Treasuries for February 1922.

Total Rs. 120,442

17.7.22

19.7.22

19 JUL 1922

20.7.22

4 To the Comptr; No 31.487-8/37 79-21-D 21 7/22. Issues instructions for the adjustment of the Palace overdraft —

P.T.O.

Subject. -

Overdraft on the Palace Deposit Account.

OPINION OF THE COUNCIL.

DEWAN'S OFFICE.
Rcd. on MAY 8 1922
Cas. No. 6128

officially received 4/5/22

1) Correct figures Rupees 1,50,000 a period of 10 years from 1915-16 (Correct figures after 10 years from 1915-16) for 1915-16.
2) Correct rate of interest
3) Interest not to be paid on mistakes.?

Financial Secy.

Copy upto date from Palace
P.C. list of 1915-19 accts
Draft a letter like in case Financial Secy. with the Compliments.
Subject to Dewan's remarks if
I do not think the question will be
was finally settled at the Council
meeting. 6.3.22

Draft put up - To the Chief Secy

9.5.22

Circulate 9/5

Seen. The draft is in accordance with the discussion in Council & seems suitable. It does not appear to have been submitted

12.5.22

(For Disposal at a Meeting)

No. C. 498

1921-22.

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT.
(Clause xii of the schedule)

Comptroller's letter re. the Overdraft on the Palace Deposit Account.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

Chief Secretary to Government.

22nd April 1922.

Extraordinary Member of Council. Seen. 30.4.22.

5-799-221
24.4.22

First Member of Council.

Second Member of Council. 24.4.22.

Third Member of Council.

31. All urgent or confidential files returned with His Highness' orders may, in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretari s concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circutated to the Members of Council at headquarters and then sent to the Secretariat concerned for the issue of orders.

Circulated to the Members of Council for perusal of His Highness' orders ~~before~~ after issue of orders. (*Vide* Rules 31, 33 and 34 or the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

8/8

Chief Secretary to Govt.

Through the Secretary to Government,

..... Department.

1271-211.
9.8.22.

FIRST MEMBER OF COUNCIL 8/8

Rees
10.8.22

SECOND MEMBER OF COUNCIL

THIRD MEMBER OF COUNCIL

HOME DEPT SECTION
2 AUG 1922

NOTE.—Contn sheet.

WD 923—GPB—500—3-11-21

Mr. Rees may probably communicate to Mulk Raj. ?

First Rees)

12.8.22

11/8 Please send copy of order to Military attendant Branch and

Highness (or their representatives) are now receipt of th pension, the full amount payable being Rs.3,50,000 only against the maximum limit of 6 lakhs. For years to come, there is no probability of any addition being necessary to these pensions. These pensions, it may be noted, are quite independent of the Palace Civil List and are not available under any circumstances for expenditure to be met from the Palace funds.

Letter No.4936 dated 12th Oct.1903 from the 1st Asstt: Resident to the Dewan.

4. In October 1903, the question of the allotment for the Civil List was again considered and as the amount annually appropriated for the purpose, viz 14 lakhs was found insufficient, it was raised with the approval of the Government of India, to 16 lakhs a year with effect from the year 1903-4. The annual appropriation continued at the rate of 16 lakhs up to the end of 1908-9.

Letter No.4840 dated 12th Aug.1910 from Residency.

5. From the year 1909-10 an addition of 4 lakhs was made to the Civil List, thus raising it to 20 lakhs. It remains at this figure at present.

6. By Government order Fl.4150-2/G.F.60-05-1 dated 30th November 1906, the cost of the Maharaja's bodyguard, &c., referred to in para 2(2)(a) was fixed at a contract grant of one lakh of rupees and this sum was raised by Rs.14,000 in 1914. (Vide G.8478-3/Mily.97-13-2 dated 20th April 1914).

7. Certain charges incurred during the tours of H.H. the Maharaja outside the State are charged to the State. (Vide G.O.Fl.2428-30/G.F.45-06-2 dated 22nd Nov.1907).

8. Bills for electric power supplied to certain Palace buildings are debit to Genl. Administration (Vide G.O. dated 4th Nov.1912 and 15th June 1915).

9. Certain Palace properties (houses, lands, etc.,) are exempt from taxation under Municipal, Revenue and Stamp laws. (Vide G.O.dated 4th April 1908, 7th Jan.1909 and 8th July 1905).

.....

P.F

Dewan note.

THE MYSORE CIVIL LIST.

****

July 1919.

The appended note gives a short history of the Mysore Civil List and a precis of the more important orders relating to the adjustment of expenditure between the Palace and the Government accounts.

The Civil List at present is 20 lakhs. Besides, there is a separate provision of 3½ lakhs (which may be raised as occasion arises to a maximum of 6 lakhs) for pensions of the members of the Royal Family.

The questions arising for consideration in connection with the Civil List are the following:-

(1) The sufficiency of the present Civil List and the necessity for increase, if any.

(2) The best method of effecting an increase, if found necessary.

(3) The formation of a reserve fund for meeting emergencies.

(4) Principles determining the maximum appropriation for the Civil List and its periodical revision.

(5) Audit of accounts and scrutiny of expenditure.

I. SUFFICIENCY OF THE CIVIL LIST AND INCREASE NEEDED.

When the Civil List was raised to 20 lakhs in the year 1909-10, it was anticipated that the addition then made would relieve His Highness from all financial embarassment enabling him to place his establishments on a satisfactory footing, leaving him a margin for extraordinary expenditure and giving him a reasonable prospect of making some appreciable private savings (vide Mr.Campbell's D.O. letter to the Resident, dated 7th July 1910).

The enhanced Civil List was found sufficient for the ordinary expenditure of the Palace up to 1916-17 and in fact, during some years a fairly large surplus of three or four lakhs was obtained. But since 1917-18, the Civil List allotment has been found inadequate. The expenditure during 1917-18 and 1918-19 amounted to Rs. 27,76,366 and Rs. 31,28,530. Making allowance for the annual contract grant of Rs. 1,14,000 the deficit during these two years must have been 6½ and 10 lakhs respectively. In order to meet this heavy deficit, it is understood that the accumulated savings were drawn upon and an over-draft of 3½ lakhs from the Government Treasury had to be applied for. The greatest increase of expenditure has occurred under 'departmental charges' and 'maramat works' which between them account for more than 17½ lakhs of the total expenditure. The expenditure under 'Kille Cutcherry' has also grown, the figure for 1918-19 being Rs. 1,88,000 as against the contract grant of Rs. 1,14,000.

The increase under 'departmental charges' is probably due to (1) revision of salaries which was apparently under contemplation when the Civil List was raised to 20 lakhs (vide Mr. Campbell's letter already quoted), and (2) the rise in prices in recent years necessitating a large outlay on what may be termed 'supplies and services'. These causes for increase of expenditure may be taken to some extent as being permanent and there is little reason to hope for any large reduction in future.

The increase under 'maramat charges' is probably due to the construction of new buildings including the acquisition of the Madras property. When the building operations now in hand are completed, 'maramat charges' will probably be reduced, but even then, it is improbable that this item of expenditure would go below Rs. 3,00,000. One year it may be more and another it may be less (this head shows

establishment should be placed under the Military Assistant or some similar officer who could be held responsible for observing ordinary financial rules, or (b) that the grant be converted into a consolidated contract grant at the disposal of His Highness. His Highness in his order dated 22nd November 1903 observed that he had no hesitation in accepting the second alternative arrangement and accordingly a contract grant of one lakh of rupees, since raised to Rs. 1,14,000 has been provided in the budget every year.

I think even now this is the best system to follow, as it would relieve the Palace authorities from the obligation of submitting vouchers and explanations on matters of detail, carried out probably under the personal orders of His Highness. But as the sum of Rs. 1,14,000 does not meet the present scale of requirements, it may be raised to Rs. 1,50,000. The grant may be revised once in every five years so that the Palace may be put to no loss on this account.

Provision for emergencies.- It would not, however, be wise to provide only for the ordinary requirements. A margin of savings is absolutely necessary in order to meet emergent demands. For this purpose, I would suggest a sum of two lakhs being set apart every year, as was done during the Regency and that the amount be allowed to accumulate and invested.

The funds may be kept with the Government Comptroller who should be allowed to invest it in the most advantageous manner. It should not be drawn upon for ordinary expenditure but only to meet exceptional demands which cannot be immediately defrayed from the Civil List and would serve as a reserve for future growth of expenditure which may be met outside the revenues. It is essential that the funds be kept quite distinct from the Civil List. If

very wide fluctuations) but the average expenditure may be taken at the figure stated.

Taking all circumstances under consideration, it seems unlikely that the Civil List as fixed at present will be able to fully meet the expenditure that it is called upon to bear. The amount required may be roughly estimated as follows:-

Stipends	3 lakhs.
Departmental charges ..	10 lakhs.
Gifts and donations ..	2 lakhs.
Purchases	2 lakhs.
Maramat	3 lakhs.
Tours, personal expenditure and extraordinary charges ..	2 lakhs.
Kille Cutcherry charges ..	2 lakhs.
Total ..	24 lakhs.

Deducting the contract grant of Rs. 1,14,000 on account of Palace Military establishments, the net amount required may be taken, in round figures, at 23 lakhs.

II. BEST METHODS OF MEETING INCREASED CHARGES.

Assuming, then, that an increase of 3 lakhs is unavoidable, the question is whether this increase might be effected:-

(a) by a direct addition to the Civil List; or

(b) by relieving the Civil List of certain charges appropriately belonging to the General Administration, which would in other Native States be debited to the State account

---

I am personally of opinion that as a first step, expenditure for State purposes should be removed from the Civil List, and any relief required thereafter should be provided by means of an additional allotment. In a note furnished by Sir Hugh Daly, in March 1915, he observed "An examination

"of the statements attached to Mr.Campbell's letter gives me the impression that a large number of items are debited to the Civil List in Mysore which in other States would come to the general account." He suggested that the expenditure under the following heads might be charged, fully or in part, to the general revenues of the State:-

(1) Stipends,

(2) Cattle department, Elephant department and Stables (portion of the expenditure only),

(3) Palace buildings and gardens,

(4) The Zoo,

(5) Repairs, and

(6) Palace Military charges.

Of the items mentioned above, only the larger ones seem to require consideration, viz.,

(a) Stipends,

(b) Repairs of buildings,

(c) Palace Military charges.

(a) The stipends, I understand, represent the pensions given to the relatives of His Highness and other persons. So long back as 1868 - when the Palace establishments were re-organized - it was proposed by Major Eliot that this charge should be transferred to the general revenues and met from the interest of the Trust Fund --a fund constituted out of the surplus revenues of the State "for the maintenance of the Maharaja's numerous relatives and dependants" (page 6 of Parliamentary paper.) But this suggestion was not approved. In 1890, Sir K.Seshadri Iyer urged that the stipends should be paid from the general revenues and pointed out to the Government of India --letter No.1474 dated 12th December 1868 as sanctioning such a procedure. But this proposal again was not approved. (D.O.letter from the Resident dated 22nd July 1891 - page 32 of printed collection.)

Considering the miscellaneous character of the stipends and their varying and generally insignificant amounts, it is doubtful if the entire charge can be transferred to the general revenues, but I see no objection on principle why the stipends granted to the historic families of Mysore which are really in the nature of political pensions, should not be transferred to that head and treated as part of the general State expenditure, subject to a certain limit. The materials are, however, wanting to enable me to express more than a general opinion on this subject. But the matter requires examination.

(b) Repairs of buildings.- That the State revenues should provide proper residence for His Highness the Maharaja may, I think, be regarded as a correct principle, and it was for this reason that the charges for the construction of the Palace have been met from the general revenues. It may, on the same principle, be maintained that the charges for repairs of the Palaces (at Bangalore, Mysore and Ootacamund) should be likewise transferred to the Public Works Budget. There is no information forthcoming as regards the present maintenance charges of these buildings but the adoption of this principle will probably give relief to the Civil List to the extent of about one lakh of rupees.

(c) Military establishments.- An exhaustive note upon the cost of military establishments has been sent by the Huzur Secretary with his D.O.No.402 dated 24th June 1919. The principle that the cost of the Palace Barr, Battery and Body-Guard should be met from the State budget, having already been adopted in 1891 with the concurrence of the Government of India, the only question now for consideration is one merely of adjusting these charges so as not to burden the Civil List. The question was considered very fully in 1903 and it was suggested that (a) either the establish-

ment

If it is merged in the latter, the probability is that it might be drawn upon to tide over merely temporary difficulties, for which the ordinary Civil List should provide.

Arrangements for periodical revision.- Whatever settlement might be made, it should not be treated as final and unchangeable. Circumstances may arise necessitating the revision of the Civil List and any arrangement purporting to be perpetual will inevitably break down. I would suggest that the Civil List charges be examined once in ten years or so, with a view to adjusting the amount according to changing conditions. It would in one way be convenient to revise the Civil List every time a financial settlement is made but this will be for 3 or 5 years only and a longer period is desirable in the case of the Civil List. So, I suggest 10 years as the ordinary interval for the examination of the Civil List. One principle has to be kept in view, viz., that the Civil List including pensions to members of the Ruling Family, should not ordinarily exceed 10 per cent of the net revenues. The proportion of revenue appropriated in different States varies but in Mysore where the Ruler does not possess large private property or accumulated cash (and where the Civil List bears several charges debited elsewhere to Government account) the limit proposed above does not seem too liberal, while on the other hand, it cannot be considered as unduly burdensome to the State.

Audit of Palace Accounts. - In his letter No.148 dated 18th July 1917 to the Huzur Secretary, Mr.K.L.Datta offered certain suggestions in regard to the audit of Palace expenditure. I do not know whether and what action has been taken on his proposals. I may perhaps take the liberty of endorsing his suggestion that the Palace accounts might be periodically audited by a competent officer of the Account Department. There is also much force in his observation that debt-head transactions such as

Strictly Confidential

PRIVATE SECRETARY MYSORE

THE PALACE,

MYSORE.

20th June 1922.

My dear Mr. Banerji,

22 JUN 1922

I am enclosing a Note with reference to the Palace Overdraft for early consideration. It seems to me that the suggestion made in Para 3, alternative (2) of the note is a very reasonable one, looked at from the points of view both of the Palace and the Government.

In this connection, may I send you a Note, drawn up by Colonel Sir Hugh Daly, on the Civil List ? It is well worth perusal, as containing the views of an experienced and unbiassed Officer.

Yours sincerely

Mirza M. Ismail

D.O.No. 361
Sec.

Financial Secretariat,

Dated, Bangalore, the 29th June 22.

Dear Sir,

I have received your D.O. No. M.45 of the 26th instant regarding the Palace Overdraft. Both the alternatives suggested in the Note received with the letter of the Private Secretary to His Highness contemplate an initial grant (Rs.602000 according to the first alternative and Rs.5,00,000 according to the second) and also an annual recurring addition of Rs.86,000 to the allotment for Palace Military charges. I can only state that in the present condition of our finances, the means for meeting these demands are not available.

The enclosures to your letter are herewith returned.

Yours sincerely,

M. N. Krishna Rao

To

A.R.Banerji, Esq., C.S.I., C.I.E., I.C.S.,
Dewan of Mysore, Bangalore.

N o t e.

Palace Overdraft.

The Overdraft at the end of June is likely to be roughly 9 lakhs. The proposal made by the Dewan in his letter dated the 22nd May 1922 will, it is feared, see us no nearer a final solution of the question of overdraft than we are at present because,

(1) There will be still an overdraft of 6½ lakhs repayment of which by the Palace is not possible under ~~the~~ existing circumstances.

(2) The Palace will continue to incur an extra expenditure of about a lakh of Rupees on the Military Establishment, thereby making it difficult to balance the Palace Budget.

2. It is necessary that any attempt to settle the matter finally should aim at ~~for~~ cancelling a very substantial portion of, if not, the entire sum of the overdraft by the Palace. There is no near chance of the Palace being able to pay it back in cash; and the inclusion in the accounts, from year to year, of a large amount as overdraft to the Palace is likely to create embarrasment both to the Palace as well as to Government.

3 Two alternative suggestions for reducing the overdraft are offered below:-

(1) The Military Grant may be fixed at 2 lakhs with retrospective effect from 1915-1916. This would mean that arrears to the extent of (86,000 x 7) or Rs.6,02,000/- will be due to the Palace which can be set off against the overdraft reducing it to about ---

Rs.2,98,000/-. Out of the grant, Government may pay only 1½ lakh in cash reserving half a lakh every year for wiping off the -- balance of Rs.2,98,000/-.

O r

(2) The actual excess expenditure of Rs.5 Lakhs on account of Military Establishment in the Palace during the last few years may be adjusted as already suggested in this Office letter No.650 dated the 5th April 1922 - against the overdraft leaving a balance of 4 lakhs. The Military Grant may be fixed at 2 Lakhs and as suggested ~~in the~~ above, 1½ lakhs may be paid to the Palace every year and the balance of half a lakh retained for wiping off the overdraft. The Palace will strain every nerve to pay as much as possible for reducing the overdraft more quickly.

PS) SPM 15/6/21

The Residency,

Bangalore,

26th March 1915.

My dear Maharaja Sahib,

A short time ago the Dewan Sahib referred to the question of the Civil List. He said only a few words and I think he only wished me to consider whether, in present circumstances, a reference to the Government of India would be necessary if any change were proposed. I have been looking into my papers and have drawn up the enclosed note. I have not mentioned the subject to anyone. No - one has seen the note, and I shall not show it to any one or take any further steps until I know what, if anything, Your Highness wishes me to do in the matter. You will perhaps kindly speak to me about it when I reach Ooty. I have kept a copy of the note and could if you told me to do so, show it to the Dewan; but I shall not do so unless I hear you wish it.

We had hoped to be off to Ooty by now, bringing the P.T's with us; but I am sorry to say a little hitch has arisen about his getting away from his regt. I hope and think that it will be satisfactorily settled. If it is not, he will bring Lucy over here next week; we shall take her with us to Ooty, and he will follow whenever he can.

I wonder whether Your Highness has been able to decide about the projected visit to Gangotri. If you are likely to go, I ought to warn the U.P. & Tehri people pretty soon. But I shall see you, I hope, by the end of next week at latest. Please remember us very kindly to the ladies, who I hope have joined you and to your brother.

Always Your Highness' very sincerely,

" Copy "

Sd/ H. Daly.

PRIVATE.

The Mysore Civil List.

The Dewan Sahib mentioned this subject to me about a fortnight ago. He only said a few words and made no definite suggestion; but he indicated that the matter was receiving attention and I have therefore been looking into it.

2. Two principles have, I think, to be borne in mind. In the first place it is only right and proper that His Highness should have at his unfettered disposal funds amply sufficient for maintaining his position with all due dignity.

In the second place it is undesirable that the published accounts of the State should be in any way calculated to give the altogether incorrect impression that His Highness' personal expenditure is extravagant.

3. I am at some difficulty in noting on the subject, because the information at my disposal is somewhat vague and incomplete. The best figures which I can find to work upon are those contained in Mr. Campbell's D.O. letter to Mr. Fraser, dated the 7th July 1910.

An examination of the statements attached to Mr. Campbell's letter gives me the impression that a large number of items are debited to the Civil List in Mysore which, in other States would come into the general accounts. There may be some reason for this of which I am not aware; but, unless some objection exists, I would suggest that the first step should be to make all admissible transfers to the general accounts.

4. In the statement below I follow Mr. Campbell's headings and figures, taking round sums.

Approximate figure in Rs omitting 000	Heading.	Remarks.
2.79	A. 'Stipends'	Mr. Campbell says these are "mainly hereditary allowances and more or less a fixed charge". If this is so, why should they not be included in the general budget under an appropriate head: say, a sub-head of 'L. Miscellaneous'?
37	B. Family Goddess	Might not this be transferred to " F. Religious charges'.
61	Ladies Household. "	Appears to be a regular Civil List charge.
49.	Insignia Dept.	I am not sure what this is; but it seems possible that it really belongs to 'C 2. Administration; sub-head 15, 'Miscellaneous.'
27	Cattle Dept.)	I imagine that a portion of the expen-
13.	Elephant Dept.)	
,13	Stables.)	diture under these three heads is fairly debitable to the Civil List; but that a good deal of it really represents expenditure on State ceremonies, State guests, and such like items. If so, the expenditure should, I think, be divided and the sum <u>not</u> fairly debitable to the Civil List should be provided in the general accounts under such heads as 'State ceremonies' 'State Guests', etc.
31	Palace Buildings) and Gardens.)	It seems to for consideration whether
28	Engine House.)	this expenditure should not be transferred to a sub-head of 'H.Public Works' in the ordinary accounts.

14	Zoo	Surely this should not be charged to the Civil List, but to 'C.2. Sub-head 14. Scientific and other minor departments.'
1.06	Kitchen	If, as seems possible, a portion of this expenditure is on account of State Guests a suitable transfer might be made to that head.
31.	Treasury and Office.	I should have thought these charges should be debited to the general account under administration.
1.32	Minor Departments.	There is nothing to show what these cover.
1.90	C. Gifts.	I have no idea what this represents, so offer no suggestion. But It seems desirable to consider whether the full amount is a fair charge to the Civil List.
1.89	D. Purchases.	The remark against 'Gifts' applies to this also.
1.17/	E. Repairs.	If this means repairs to the buildings etc. it should probably be transferred to the regular P.W.D. accounts.
1.20	F. Tours.	It seems to be for consideration whether the whole of the charges on account of His Highness's tours are a fair charge on the Civil List ,(if they are so debited at present).
24	G.Pocket Money	Seems to me quite an inadequate allotment!
25.	H.Extraordinary	There is nothing to show what this represents

5. I am not quite clear whether Palace Military charges are or are not at present debited to the Civil List If they are so debited, it seems to me that they should certainly be transferred to the general accounts.

6. I wish it to be clearly understood that, in sug-

gesting consideration of the propriety of making changes in the debit of some of the above expenditure, I do not mean to suggest that His Highness's personal control of this expenditure should, unless he so wishes, be in any way interfered with. The allotments could, I presume, be settled each year under His Highness's personal orders and the expenditure could be supervised by His Highness through the Palace Controller, or whoever now deals with the expenditure.

7. It seems to me that, if the ground could be cleared by a revision somewhat on the above lines, it would be much easier to decide what would be a suitable allotment for the charges fairly debitable to the Civil List; and even if a considerable addition were made to the List proper, the gross amount of the Civil List, as shown in the published accounts, would probably be a great dealless than that shown at present.

26th March 1915. Sd/ H. DALY.

" Copy "

use to meet the growing needs of the Palace and to meet emergent non-recurring expenditure.

(2) The maximum limit of the Civil List including pensions to the members of the Royal Family and other Palace expenditure, may be fixed approximately at 10 per cent of the revenues of the State.

Note. - The standard of revenue for 1919-20 is taken at 275 lakhs and on this basis, the Palace would be entitled to an allotment of 27½ lakhs. This is kept in view in the present proposals which contemplate an expenditure only of 25 lakhs made up as follows for the next 10 years:-

Rs.20 lakhs Civil List proper, excluding items referred to in para.....

Rs.3 lakhs - provision for pensions and repairs to Palaces.

Rs.2 lakhs - Investment Fund.

If the above scheme is approved, the Palace may be excluded from the operation of the Financial Settlement under

advances, loans, etc., some of which have been outstanding for long periods require some scrutiny. Lastly, I would suggest that the scale of establishments and expenditure should be thoroughly examined once in 5 or 10 years so as to ensure economy and system in the several departments. It is well known that when the Palace establishments were examined in 1868, it was found that they were greatly over-manned and that payments were sometimes made to dead or fictitious persons supposed to be employed in various departments. Serious irregularities of this character are of course impossible now a days under the vigilant supervision exercised over the Palace establishments, but there are bound to be minor anomalies in the various departments which a systematic scrutiny would tend to disclose. But this is perhaps a matter on which it is unnecessary for me to enlarge as, I believe, the question of economical organization is engaging the constant attention of the Palace officers and of His Highness himself.

SUMMARY OF PROPOSALS.

To summarize, I would suggest

(1) The Civil List be relieved of the following charges

(a) Stipends to the extent to which they can be justly regarded as political pensions

(b) Repairs of the Palaces at Bangalore, Mysore and Ootacamund.

(2) The contract grant for the Palace Military establt: may be increased to Rs.1,50,000 subject to revision once in 5 years.

(3) The sufficiency of the Civil List may be examined once in 10 years in order to effect adjustments required by changing conditions.

(4) A separate provision of 2 lakhs may be made every year in order to constitute a reserve fund for future

D. O. Fr. P. 7.

CONFIDENTIAL.

D. O. No 650.
Enc: one Statement.

THE PALACE,
MYSORE.

4th April 1922.

W/6.4

My dear Sir,

I am directed to acknowledge the receipt of the Financial Secretary's Confidential letter No. 6077 dated the 16th February 1922, regarding the overdraft. In reply, I am to invite your attention to my letter No. 4347/11-6-20 addressed to the Financial Secretary and Camp letter dated the 25th March 1921, to the Comptroller, particularly the latter. In that letter, it was stated that the overdraft by the Palace would not exceed 12 lakhs at the end of June 1921, and the modus operandi by which the Palace propose to wipe it off was explained. The proposal then made was that a sum of Rs. 3 lakhs would be paid during the current year, and a lakh of rupees thereafter every year. To fulfil this undertaking some of the lucrative investments of the Palace were sold and a sum of about 4 lakhs of rupees was credited to the Government during the current year, thereby reducing the overdraft to about Rs. 9 lakhs at the end of January 1922. As no reply was received to this office letter dated 25th March 1921, it was assumed that the suggested method of repayment was agreeable to the Government. It is, therefore, not clear why the question of the repayment of the overdraft has been raised again.

2. Since the date of my last letter, referred to above, there has been absolutely no change for the better in the financial position of the Palace to admit of any substantial reduction of the overdraft being effected at the present time. As the Government are aware, the Civil List was fixed at 20 lakhs so long ago as 1910. Since the year

1917-'18, the expenditure in the Palace has exceeded the Civil List owing to causes, which are perfectly well-known, and which need not be detailed here. During these years the enormous increase in the price of articles has materially added to the expenditure under every department in the Palace. The burden has become greater owing to the unavoidable necessity of the grant of high prices allowances to the large number of menials borne on the Palace Establishment. I append below a statement showing the expenditure under the head of Grain Compensation Allowance and High Prices Allowance, sanctioned to the Establishment which amounted to the high figure of Rs. 1,32,300/- in 1920 and 21. The allowances were, I may mention, on a much smaller scale than those sanctioned by Government.

For the year	1918-19	...	Rs. 51,975
"	1919-20	...	Rs. 64,900
"	1920-21	...	Rs. 1,32,300
	Total		Rs. 2,48,175 nearly

Every effort has been made to avoid all optional expenditure, and to cut down establishments to the barest minimum consistent with effeciency, and demands peculiar to the Palace. In spite of these measures, it has not been found possible to keep the expenditure within the limits of the Civil List.

Such being the financial position of the Palace, a reference to Government for an increase of the Civil List would have been justified, but in view of the fact that the Government themselves were in financial difficulties, the Palace has refrained from asking for an increase in the Civil List.

3. In this connection, I am to invite reference to the correspondence ending with my D.O. letter No. 239 dated 11th November 1919 to Sir M. Kantaraj Urs, regarding

the excess Military charges that are being borne by the Palace. An early decision in this matter will go a long way in easing the situation. I annex a statement showing the net expenditure under head "Kille Kacheri Charges" during the last eight years. It will be seen, therefrom, that the total excess expenditure over and above the Contract Grant of Rs. 1,14,000/- incurred by the Palace, since the year 1914 amounts to Rs. 4,97,000/-

Year.	Total expenditure.	Excess over the grant.
1913-14	Rs. 1,27,000/-	Rs. 13,000/-
1914-15	Rs. 1,32,000/-	Rs. 18,000/-
1915-16	Rs. 1,73,000/-	Rs. 59,000/-
1916-17	Rs. 1,65,000/-	Rs. 51,000/-
1917-18	Rs. 1,64,000/-	Rs. 50,000/-
1918-19	Rs. 1,97,000/-	Rs. 83,000/-
1919-20	Rs. 2,21,000/-	Rs. 1,07,000/-
1920-21	Rs. 2,30,000/-	Rs. 1,16,000/-
	Total	Rs. 4,97,000/-

I am to suggest, for consideration, that the sum of Rs. 5 lakhs nearly which is due by the Government may be adjusted towards the overdraft. Every effort will be made to pay up the balance at the rate of a lakh a year, if not more.

4. In conclusion, I may state that there can be no question, in the circumstances of the case, of payment of any interest by the Palace on the overdraft. For a number of years, there used to be a large credit balance with the Government, from funds belonging to the Palace Personal Estate Accounts (vide Statement A). No interest was either demanded by the Palace or paid by Government, and it seems best to regard such an arrangement as a reciprocal one.

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2 82
2 4,5-

Yours sincerely,
Mirza M. Ismail

A.R.Banerji, Esq., C.S.I., C.I.E., I.C.S.,
Ag. Dewan of Mysore,
Bangalore.

Personal Estate Accounts.	1911	1912	1913	1914	1915	191
	cash	Cash	Cash	Cash	Cash	Cas
His Highness the Maharaja, Palace Special Fund.	3,922	3,090	2,114.	-	16,236	31,351
do Investment Account.	8					~~34,100~~
His Highness the Yuvaraja.	-	-	-	14,193	-	-
First Maharajakumari. ..	-	8,165	4,950	-	13,475	60,873
Second Maharajakumari. ..	-	-	-	-	-	12,010
do 1st Daughter. ..	4,593	-	-	-	-	-
do 2nd do ..	1,720	-	-	-	-	-
do 3rd do ..	1,720	-	-	-	-	-
Rajakumar Besaraj Urs. ..	903	16,200	4,364	5,501	11,086	36,054
3rd Maharajakumari. ..	-	-	-	-	-	2,644
TOTAL:-	13,723	29,506	13,046	19,694	40,797	1,77,03

4/4/

st JULY OF EACH YEAR.

A

	1917	1918		1919		1920		1921.	
h	Cash	S.B.	Cash	S.B.	Cash	S.B.	Cash	S.B.	Cash
	7,824	5814	-	8,424	-	-	-	23	7,989
	18,651		1	125,308	1	2,948	183,399	9,248	62,181
	-	125,924	-	231,382	2,042	268,537	-	282,335	74,303
	12,610	64,444	-	59,754	23	87,197	27,837	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	11,951	221,268	100,001	2,40736	61	236,995	-	-	-
	2,605	19,442	1	19,914	82,978	39,571	13,851	-	-
	53,041	447,385	100,003	685,518	85,106	635,248	225,087	291,606	144,473

Jamaica

D.O.No. 304 /Encs.2.

Financial Secretariat,

Dated, Bangalore, the 11th Apr. 1922.

Dear Sir,

Your D.O.No. M.7 of the 7th instant.

The proposal made in para 3 of the letter of the Private Secretary is that "the sum of Rs.5 lakhs nearly - which is due by the Government may be adjusted towards the overdraft". The annual contribution towards Palace Military charges is a contract grant and accordingly no claim to excess expenditure over such grant is admissible.

It is not clear why balances of Personal Estate accounts treated as Savings Bank deposits are included in the statement referred in para 4 of the letter. -- Government allow interest on such balances and do not, therefore, get the free use of the money.

It will be seen from the statement that except in two or three instances, balances held in cash to the credit of the several accounts have been comparatively small. There should always be some balance to the credit of a banking current accounts and it is not usual to allow interest upon current account balances. It

will

29671

Please address all future communications to the Comptroller to the Govt. of H.H. the Maharaja of Mysore.
In reply to this Comn. please refer to
No. 5745
Books.741

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

23rd December 1921.

Dated, Bangalore, the *191* .

FROM

T. Satyaraj Chetty Esq., B.A.,
~~M. N. KRISHNA RAO, Esq., B.A.,~~
Comptroller to the Government of
His Highness the Maharaja of Mysore.

To

M. N. Krishna Rao Esq., B.A.,, ~~Esq.~~,
Secretary to the Government of Mysore,
Financial *Department.*

SIR,

In continuation of this office No.1214/Books dated 31st March 1921, I have the honor to report for the information of Government that the overdraft in the Palace Deposit Account on 30th June 1921 amounted to Rs.12,03,368-14-8 as against Rs.7,58,884-10-8 on 30th June 1920, there being thus an increase during the year 1920-21 of about Rs.4,45,000/-. The Huzur Secretary to His Highness the Maharaja estimated in his letter No.C.64 dated 25th March 1921, copy of which was forwarded to Government with this office letter referred to above, that the overdraft on 30th June 1921 would be Rs.12 lakhs. This estimate has been exceeded by only a small amount viz., Rs.3,369. I solicit orders of Government as to the limit up to which overdraft may be allowed during the current official year.

I have the honor to be,
Sir,
Your most obedient servant,

T. Satyaraj Chetty

Comptroller.

WD A 0610—GPB—5,000—10-8-17

C. O. 42-Rec.—17]

.....Department

191 .

FROM

M. N. KRISHNA RAO, ESQ., B.A.,
Comptroller to the Govt. of
H. H. the Maharaja of Mysore.

To

.....ESQ.,

Secretary to the Govt. of Mysore,

Dept.

Dated

Despatched

Received

No.....

Subject matter

Draft. No.R.4077/G779-21-2

& 16th Feb 1922 15

Confidential.

To

Amin-ul-Mulk
Mirza Md. Ismail, Esq., B.A.,
Huzur Secretary to H.H. the
Maharaja of Mysore,
MYSORE.

S i r,

I am directed to forward herewith a copy of the Comptroller's letter 5745/Books 741 dated 23rd December 1921 reporting that the overdraft on the Palace Deposit Account on 30th June 1921 was Rs.12,03,368-14-8 and requesting orders regarding the limit up to which overdraft should be permitted. I n view of the cash position of Government, the early repayment of the overdraft is desirable and I am accordingly to request to be informed when the repayment may be expected. The overdraft being from loan funds, the question of interest on it also requires consideration.

15/2/22

I have, etc.,

14.2.22

Financial Secretary to Govt.

Confidential

3341
1921-1922

No. 3412

The Palace,
Mysore 27th February 1922
79-21

3

FROM

AMIN-UL-MULK MIRZA M. ISMAIL, ESQ., B.A.,
Huzur Secretary to His Highness
the Maharaja of Mysore.

To

M. N. Krishna Rao, Esq., B.A.,
Financial Secretary to the Government of Mysore,
B a n g a l o r e

Sir,

I am directed to acknowledge receipt of your Confidential letter No. Fl.6077 of the 16th Instant and to state that a reply will be sent to you in due course.

I have the honor to be,
S i r,
Your most obedient servant,

For Huzur Secretary.

VGB.

Please address all future communications to the Comptroller to the Govt. of H: H. the Maharaja of Mysore.
In reply to this Comn. please refer to
No. 1252/Books 6/4.

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

Dated, Bangalore, the 12 ~~19~~ April 1922

DIARY No. 3860

FROM

T. Satyaraj Chetty, Esq., B.A.,
~~M. N. KRISHNA RAO, ESQ., B.A.,~~
~~*Offg.*~~ *Comptroller to the Government of*
His Highness the Maharaja of Mysore.

19 — 19
Section.
No.
Serial No:

To

M. N. Krishna Rao, ESQ., B.A.,
Secretary to the Government of Mysore,
Financial *Department.*

SIR,

In continuation of this office No.741/Books dated 26th December 1921, I have the honor to forward herewith copies of the marginally noted correspondence between this office and the Huzur Secretary to His Highness the Maharaja in the matter of overdraft in the - Palace Deposit Account and to solicit early orders of Government in the matter. The probable overdraft on 30th June 1922 will be about 9½ lakhs.

I have the honor to be,
Sir,
Your most obedient servant,

T Satyaraj Chetty.
Comptroller.

MSR/12-4

1. This office No.1107/Books dated 15-3-22 to the Huzur Secretary.
2. Huzur Secretary's No.3665 dated 20-3-22 to this office.
3. This office No.1188/Books dated 30th March 22 to the Huzur Secretary.
4. Huzur Secretary's No.3844 dated 5th April 1922 to this office.

WD.0322—GPB—3,000—14-12-16

C. O. 42–Rec.—17]

....Department

191 .

FROM

M. N. KRISHNA RAO, ESQ., B.A.,

Offg. Comptroller to the Govt. of
H. H. the Maharaja of Mysore.

To

.....ESQ.,

Secretary to the Govt. of Mysore,

. . *Dept.*

Dated

Despatched

Received

No.....

Subject matter.

Copy of letter No.1107/Books dated 15th March 1922 from the Comptroller in Mysore, to the Huzur Secretary to His Highness the Maharaja of Mysore.

======

I have the honor to forward herewith a statement furnishing details for the probable overdraft in the Palace Deposit Account on 30th June 1922 and to request that you will be so good as to return it with your observations after scrutiny.

======

Superintendent, Records Section,
Comptroller's Office.

MSR/12-4

STATEMENT showing the probable overdraft in the Palace Deposi Account on 30th June 1922.

Serial No.	Particulars.	Amount.	Total.
1.	Debit balance as per accounts for December 1921. (In thousands)		9,76,000 0 0
2.	Letters of credit issued:		
	January 1922 ...	1,50,000 0 0	
	February ,, ...	1,00,000 0 0	
	March ,, ...	1,50,000 0 0	
	Probable letter of credit for April 1922.	1,50,000 0 0	
	M a y ,,	1,50,000 0 0	
	June ,,	2,00,000 0 0	
	Amount transferred to Palace Account by Mysore Bank in January 1922.	1,00,000 0 0	
	do. in March ,,	50,000 0 0	
	Probable amount required in Mysore Bank in April 1922.	50,000 0 0	
	do. M a y ,, ..	50,000 0 0	
	do. June ,, ..	50,000 0 0	
			12,00,000 0 0
3.	Pensions and salaries payable in Government Treasuries from January to June 1922 ...		12,000 0 0
4.	Probable expenditure debitable to Palace through P.W.accounts from December 1921 to June 1922.		20,000 0 0
5.	do. through C.P.S.Accounts.,,		15,000 0 0
6.	Probable adjustments to be made through this office. ...		7,000 0 0
	Total.		22,30,000 0 0
	DEDUCT		
7.	Civil List grant creditable to Palace Account from January to June 1922.	10,00,000 0 0	
8.	Amounts to be recouped from Personal Estate Account from January to June 1922.	90,000 0 0	
9.	Probable income from the Palace Special Fund.account creditable to the Palace from January to June 1922.	1,24,000 0 0	
10.	Cash receipts in Government Treasuries creditable to Palace Account from January to June 1922. ...	2,000 0 0	
11.	Adjustment receipts do. ...	4,000 0 0	
			12,20,000 0 0
	Probable overdraft on 30th June 1922. ...		10,10,000 0 0

SAM)

Asstt. Accountant General

Copy of letter No.3665 dated 20th March 1922, from the Huzur Secretary to His Highness the Maharaja of Mysore, to the Comptroller

====

With reference to your letter No. Books.1107, dated the 14th instant, I have the honor to send herein enclosed a memo showing the probable debit balance at the end of the current official year.

======

A Ramaiah

Superintendent, Records Section,
Comptroller's Office.

The Palace,

Mysore, 20th March 1922

M e mo

Some variations of figures as noted below may be anticipated in the statement furnished by the Government Comptroller with his letter No. Books 1107 dated the 14th March 1922:-

I. On the debit side the 1½ lakhs shown against item (2) as the sum required in the Bank of Mysore Ltd., Bangalore, for the remaining three months may be reduced by, — Rs50,000/-

II. On the credit side the following will have to be taken into account:-

Item (8) of the statement. In view of the the fact that a large sum of Rs66,500/- is already awaiting adjustment during the current year, the sum that may be required over and above the estimate of Rs90,000/- may be taken approximately at least, at — Rs20,000/-

Item (~~ee~~ II) A sum of Rs4,000/- only is shown against this. As amount detailed below, require to be recouped, the overdraft is likely to be reduced by a further sum of —. Rs40,000/-

(a) Sum ordered to be recouped to Palace pending adjustment of final accounts from - Mr. D.D.Mackinnon.	Rs10,000/-	
(b) Cost of Motor Road round the Devikere on the Sri Chamundi Hill. ...	Rs11,250/-	
(c) Amount to be recouped on account of tours outside Mysore. ...	Rs 8,500/-	
(d) Amount to be withdrawn on account of wrong debits as per schedule of Mysore Power and Light. ...	Rs 7,750/-	
(e) Amount to be recouped on account of entertainments of guests, etc.	Rs 2,500/-	
Total		Rs40,000/-

Therefore, in the aggregate, the estimate of the Comptroller on the debit side may be regarded as being more by Rs50,000/- and less on the credit side by about Rs60,000/- thus resulting in 1,10,000/- in favour of the Palace.

Thus

Thus the anticipated balance of overdraft as per calculations based here may be fairly estimated not to exceed nine lakhs at the close of the year 1921-1922.

=====

Copy

A Ramakrishna

Superintendent, Records Section,
Comptroller's Office.

Tml

Copy of letter No.1188/Books dated 30th March 1922, from the Comptroller to the Government of Mysore, to the Huzur Secretary to His Highness the Maharaja of Mysore.

======

Adverting to your letter No.3668 dated 24th March 1922, I have the honor to state that the requirements of the Palace for the curren month were taken at Rs1,50,000/- in the statement furnished to you with this office No.1107/Books dated 15th March 1922. But this sum has been exceeded by Rs50,000/- (Vide supplemental letter of credit for March 1922 issued already). I request therefore to be informed if the probable overdraft on 30th June 1922 may be taken at 9½ lakhs of rupees instead of 9 lakhs.

======

Superintendent, Records Section,
Comptroller's Office.

Copy of letter No.3844 dated 5th April 1922 from the Huzur Secretary to His Highness the Maharaja of Mysore, to the Comptroller of Mysore.

======

With reference to your letter No.1188/Books dated 31st ultimo, pointing out that the issue of supplemental letter of credit for Rs50,000/- for March 1922 may result in the overdraft exceeding the estimate by that sum on the 30th June 1922, I have the honor to state that every effort will be made in the remaining months to keep the overdraft within the estimated limit. I shall, however, write to you again, if any contingency arises making it impossible to realize the expectation.

======

Superintendent, Records Section,
Comptroller's Office.

D.O. No. P. 31

22. 5. 1922.

Issued.

Draft D.O.

Dear Mr.

I received your D.O.No.650 of the 5th April 1922 regarding the Palace overdraft some time back. I wanted to have the matter considered in Council and was not, therefore, able to reply to your letter earlier.

2. The proposals contained in the lette were considered by the Council on the 5th instant. In the light of figures of actual expenditure on the Palace Military establishments furnished in your letter, the necessity for increasing the Government grant is clear and the Council ~~was~~, therefore, of the opinion that the annual contribution may be increased to Rs.1½ lakhs with effect from 1915-16 from which year the annual expenditure has exceeded the new limit now proposed. Under this arrangement, a sum of Rs.36,000 x 7 = Rs.2,52,000 will become due on account of arrears calculated up to the end of the current year and it can be set off against the overdraft. In view of the fact that the charges under consideration cannot always remain stationary, owing to the fluctuating levels of prices and wages, it was also held to be desirable to revise the amount of the contract grant once in ten years, the next revision falling due in 1925-26.

3. An overdraft on the account of the Palace with the Treasury would occur only in special circumstances and the Council considered that it was desirable to fix a maximum amount for overdrawing on such occasions and that it might be placed at Rs.10 lakhs. It was also held that for overdrafts exceeding Rs.5 lakhs interest might be paid.

Yours sincerely,

(Dewan.)

To

Amin-ul-Mulk
Mirza Md. Ismail, Esq., B.A.,
Private Secretary to His Highness
the Maharaja of Mysore.

D.O. No. M. 45/En. 3.

Confl

DEWAN OF MYSORE

BALLABROOIE,
HIGH GROUND,
BANGALORE.

26th June 1922.

Dear Mr. Krishna Rao,

I send you herewith a demi-official letter received from the Private Secretary to His Highness, enclosing a note on the Palace Over-draft. Will you please let me have your opinion in the matter at an early date?

The enclosures may be kindly returned with your reply.

Yours sincerely,

M.N. Krishna Rao, Esq., B.A.,
Financial Secretary to Government.

D.O.No. 361
Secret

Financial Secretariat,

Dated, Bangalore, the 29th June 22.

Dear Sir,

I have received your D.O. No. M.45 of the 26th instant regarding the Palace Overdraft. Both the alternatives suggested in the Note received with the letter of the Private Secretary to His Highness contemplate an initial grant (Rs.602000) according to the first alternative and Rs.5,00,000 according to the second) and also an annual recurring addition of Rs.86,000 to the allotment for Palace Military charges. I can only state that in the present condition of our finances, the means for meeting these demands are not available.

The enclosures to your letter are herewith returned.

Yours sincerely,

To

A.R.Banerji, Esq., C.S.I., C.I.E., I.C.S.,

Dewan of Mysore, Bangalore.

Ballabrooie,

High Ground, Bangalore.

D.O.No. L.45/Enc.3. 26th June 1922.

Dear Mr. Krishna Rao,

I send you herewith a demi-official letter received from the Private Secretary to His Highness, enclosing a note on the Palace Over-draft. Will you please let me have your opinion in the matter at an early date.

The enclosures may be kindly returned with your reply.

Yours sincerely,

(Sd.) A. R. Banerji.

Issued.

Draft D.O. P. 60 Dated 2/7/1922

To

Amin-ul-Mulk
Mirza Md. Ismail, Esq., B.A.,
Private Secretary to His High-
ness the Maharaja of Mysore.

Dear Mr. Mirza,

I have received your letter of the 20th June 1922 regarding the Palace Overdraft and the increase of the Palace Military grant. The matter was reconsidered in Council today (1st July 1922). It was considered that the excess of Rs.4,97,000, calculated from 1913-14 to 1920-21, over the present annual grant of Rs. 1,14,000 might be adjusted against the overdraft as proposed in your letter of the 4th April 1922. As for enhancing the annual allotment, the Council was of opinion that it ~~may~~ might be fixed at Rs. 2 lakhs for a period of five years from 1921-22. In view of the fact that our finances are not now in a satisfactory condition, it was considered desirable to defer t h e question of a permanent increase of the and take it up for re-consideration after the expiry of the period of 5 years for which it is now proposed to increase it. As regards the balance of the overdraft after the adjustment of Rs.4,97,000 referred to above, it was proposed that it might be repaid at the rate of Rs. one lakh per annum, as suggested in your letter of the 4th April 1922.

The arrangement proposed above is

is practically the second alternative suggested in para 3 of the note sent with your letter of the 20th June 1922. The only difference is that the increased allotment of Rs. 2 lakhs is proposed to be limited to a period of 5 years and the annual instalment for repayment of the balance of overdraft is to be Rs. one lakh. It was considered undesirable to prolong the period for repayment of the overdraft and hence the proposal to increase the annual instalment from half a lakh to one lakh.

I hope the arrangement suggested above will be found acceptable.

Yours sincerely,

DEWAN.

13/7/22

THE PALACE

MYSORE

D.O.No.31. 14th July 1922.

Confidential.

My dear Mr. Banerji,

I am desired to acknowledge with thanks your confidential D.O.letter No.P.60/ of the 2nd instant, with reference to the Palace Overdraft.

The proposals contained therein, viz.,

(1) to adjust a sum of Rs.4,97,000 towards the Palace Overdraft,

(2) to fix the annual Palace Military Grant at Rs.2 lakhs, for a period of five years from 1921-22, and

(3) to allow the payment of the balance of the Overdraft at Rs.1 lakhs a year

are quite acceptable, and necessary action may kindly be caused to be taken accordingly.

I may add, for your information, that by the proposed arrangements, the anticipated Overdraft of about Rs.9½ lakhs at the close of the year 1921-22 will be reduced by an aggregate sum of about Rs.6½ lakhs as shown below:-

	Rs.
Excess of Palace Military expenditure for which credit is now proposed to be afforded ..	4,97,000.
Difference of Military Grant for 1921-22 ..	86,000.
Probable sum of interest realization &c., for 1921-22 on Personal Estates Accounts of His Highness the Maharaja and Palace Special Fund ..	67,000.
Total ..	6,50,000.

Yours sincerely,

Sd/- Mirza M. Ismail.

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Copy of the above is forwarded, with compliments, to the Financial Secretary to Government for favour of necessary action.

Bangalore,
14th July 1922.

Confidential.

Proceedings of the Government of His Highness the Maharaja of Mysore.

Order No. ~~F~~ 487-8/GF 79-21-4

Dated, Bangalore, the 24th July 1922.

The present contract grant of Rs.1,14,000 per annum for ~~the~~ Palace Military charges has been found inadequate for some years past and the question of enhancing it has been under consideration of Government. Owing to the insufficiency of the annual allotment, the Palace has had to incur on this account an excess expenditure of Rs. 4,97,000 from 1913-14 to 1920-21. This excess is sanctioned as an arrear contribution and the Comptroller is requested to adjust it accordingly in the accounts for 1921-22 and treat the contribution as a partial set off against the amount overdrawn by the Palace.

Sd. by Mr. M.N. Krishna Rao

2. It has also been decided to increase the annual grant ~~of~~ to Rs. 2 lakhs for a period of 5 years from 1921-22.

3. The balance of overdraft remaining after the set off referred to above ~~is~~ made will be repaid by the Palace at the rate of Rs. one lakh a year from 1921-22 and the instalment due ~~xxx~~ for that year under this arrangement is also due for

immediate

immediate adjustment. The Comptroller is requested to arrange for the annual adjustments in consultation with the Private Secretary to His Highness.

14.7.22

Financial Secretary to Govt.

To

The Private Secretary to His Highness.
The Comptroller to Government.